

Effect on Texas Grapefruit Sales . . .

POINT-OF-PURCHASE DISPLAY MATERIAL

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Grapefruit is the major citrus crop produced in Texas. The 1968-1969 crop of 268,000 tons returned more than \$11 million to producers in the lower Rio Grande Valley. During recent years, about 75 percent of this Texas fruit has been marketed in fresh form. Thus, a promotional and merchandising program for fresh Texas grapefruit is an important part of the marketing effort.

For several marketing seasons, the Texas Valley Citrus Committee has utilized in-store advertising as one aspect of its promotion and merchandising program for Texas citrus marketed in fresh form. Kits containing point-of-purchase display material have been distributed to retail outlets in various markets. Utilization of the point-of-purchase display material was at the discretion of the retail outlet.

Early in the 1968-69 season, the Texas Valley Citrus Committee asked the Texas Agricultural Market Research and Development Center of Texas A&M University to measure the effectiveness of point-of-purchase display material in increasing sales of fresh Texas grapefruit. The objective was to measure effect of in-store point-of-purchase display material on fresh Texas grapefruit sales under typical marketing conditions. This is a summary of the final analysis report.

The Study Design and Procedure

Tulsa, Oklahoma and Omaha, Nebraska, were selected as markets for the test. Factors influencing these selections included population, average family income, sales of Texas versus Florida citrus, availability of historic sales records and characteristics of supermarkets willing to participate in the test. Twelve stores in each city were selected and divided into four groups of three each on the basis of low, medium and high neighborhood incomes.

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The test was conducted for 10 weeks during February, March and April of 1969. Each week during the test, a particular situation existed as to utilization of point-of-purchase display material and retail price for fresh Texas grapefruit. There were four possible treatments during the test: (1) regular price and no point-of-purchase material; (2) special price and no point-of-purchase; (3) regular price with point-of-purchase material; and (4) special price with point-of-purchase material. Treatments were rotated among the four groups of stores in each city during the 10-week test period. Thus, store sales by weeks were recorded in 24 stores over a 10-week period for a total of 240 sales observations.

Conclusions and Recommendations

Analysis of data obtained in the two test cities resulted in the following conclusions:

1. Presence of in-store point-of-purchase display material by itself had no measurable influence on sales per customer per week of fresh Texas grapefruit. Texas grapefruit sales averaged the same with or without display material as it was normally used in the stores.
2. The use of in-store point-of-purchase display material alone had no measurable influence on in-store display space allocated to fresh Texas grapefruit. This means that display space allocated to Texas grapefruit averaged about the same, regardless of the store's use of display material.
3. The use of in-store point-of-purchase display material by itself had no measurable influence on sales per customer per week of fresh Florida grapefruit. Sales of Texas grapefruit relative to Florida averaged the same, with or without display material.
4. Price and display space have a significant influence on sales. With a 1 percent increase in fresh Texas grapefruit price, the quantity sold decreased by about 1 percent. With a 1 percent increase in display space allocated to fresh Texas grapefruit, sales increased by about .37 percent.

Thus, if in-store point-of-purchase material is to be effective in increasing sales, it must increase display space allocated to grapefruit or induce the retailer outlet to reduce price.

Results of this study must be interpreted with caution. This study was not designed to measure the effectiveness of a total merchandising program including point-of-purchase display material. It is not valid to conclude that in-store point-of-purchase display material is not useful in a total merchandising program, or that the use of such material should discontinue.

Another interesting analysis was made that may be helpful in developing a total merchandising program for Texas citrus. A coupon redeemable for cookware with the purchase of an 8-pound bag of Texas grapefruit was placed in an Omaha newspaper by the participating chain three weeks during the 10-week test period. Although this activity was not a part of the basic experimental design, the coupon's effect on sales was measured by appropriate statistical procedures. The increase in sales of fresh Texas grapefruit attributable to the coupon was 48 percent. This means that sales of Texas grapefruit per customer per week averaged 48 percent higher for the weeks when the coupon appeared in the newspaper compared to the weeks when it did not.

Use of point-of-purchase material should not be considered as *the* merchandising program for Texas grapefruit. Point-of-sale material can rightfully be part of a total merchandising program which reinforces other promotional techniques. A total merchandising program for Texas grapefruit should center around two key variables: price and

display space. Any incentive that can be offered to the retail store or to its produce manager to enlarge the amount of display space allocated to Texas grapefruit or to directly or indirectly reduce the price of Texas grapefruit would benefit sales. Several possible ways to direct a merchandising program toward this end include:

1. Sponsorship of a display contest. This has obvious benefit in increasing display space allocated to the product.

2. Offer incentives to retail chain stores to run price, coupon or stamp specials on Texas grapefruit. Results of the Omaha newspaper coupon for grapefruit verify the effectiveness of this technique.

3. Increase total display space allocated to fresh Texas grapefruit by introducing new package sizes into the market. For example, a 5 or 8-pound bag could be prepackaged and shipped into a market. A retailer may be offering only bulk Texas grapefruit or only bulk and 20-pound sacks. If he also offered a 5 or 8-pound bag, total display space would increase.

This list of alternatives represents merely several examples. Legal aspects of some of the alternatives would need to be investigated before the industry would want to implement them.

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